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Sun Leisure Estates Utilities Company, Inc.  
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Arizona Corporation Commission  
Utilities Division

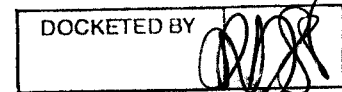
ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

Attention: Mr. Jeffrey Michlik

Arizona Corporation Commission  
**DOCKETED**

JUL 27 2009

From: Chuck Swysgood, President  
Sun Leisure Estates Utilities Company, Inc.  
928-317-9379



Ref: Docket W-02386A-09-0308 Letter of Deficiency  
Dated July 10, 2009

Dear Mr. Michlik :

This letter is being sent to you in an attempt to address the two items of deficiency listed in the letter received from the Commission on July 10, 2009.

- I am sending you the Quick Book billing sheets for the year 2008. I got these from our management company. These sheets show the number of gallons billed per month and the charges. There is also a summary sheet for the totals for the year. On page 19 of our application we show metered revenues of \$13,636 for 2008. On the billing sheets I'm sending you they show revenues of \$13680, for a difference of \$ 44 dollars. I can't explain the \$ 44 dollar difference. The difference between the gallons sold on the originally submitted Water Dated Sheet and these billing sheets will not be the same because of the base amount of 1000 gallons billed but not pumped for those customers who do not reside in the park for the summer months. The Water Data Sheet submitted shows metered gallons sold during the test year and does not take into account the base gallons sold for those residents who are not here year around. When you get to the April billing sheet you'll see the management company only billed two consumers for the month of April. The company then billed the rest of April's billing in May along with May's water. They said they had a turnover in personnel and got behind in billing.
- The question about the Water Data Sheet inconsistencies is more difficult to explain. Some of the problem lies in the fact that the gallons pumped from January thru May were estimated. The gallons pumped from June thru December are actual meter readings from the pump. We were

unaware that we needed to read the meter on the pump every month and when we learned differently we began in June 2008 to take monthly well readings. In retrospect maybe we shouldn't have tried to estimate the gallons pumped from January thru May, Given this if you look at the year end totals of the gallons pumped and the gallons sold, they are fairly close.

- After careful examination of the numbers available, it appears that supply and sales figures generally agree. We did find two mistakes in the gallons sold column. In August that figure should be 474.73 gallons and in November that figure should be 269.33 gallons.
- Accounting inconsistencies occurred due to the difference in **well** meter reading and **consumer** meter reading dates and time periods, which in the past varied as much as 15 days or more in any given billing period.
- This was corrected somewhat in September 2008, when consumer meter reading dates were modified to coincide more closely with the well meter readings. While there will continue to be some difference, they will be much less in the future.
- Please refer to the attached chart and note that average daily usage and supply figures are very close for the entire year. The average daily usage and supply are about 10,500 to 11,000 gallons over the entire period in question.
- Slight differences will generally occur due to accumulative meter errors compared against a single supply meter, as well as internal water department usage such as testing and flushing fire hydrants and system supply lines, draining storage and pressure tanks, and other maintenance items.
- The April inconsistencies on the questioned report were greatly influenced by two consumer leaks of approximately 143,000 and 39,220 gallons. These residences were empty at the time of the leaks and were not discovered until a later date. While these gallons were recorded by the consumer's meters, they were overlooked when estimating the gallons pumped for April.
- The September and October inconsistencies were due to the change in

reading consumer's meters. September billing period was only 19 days while the pump reporting was 31 days. If you combine, then divide the September and October figures, they average out very closely.

- As for the other items in the letter that were identified as not being deficiency items:
- We are not submitting an application for financing for a new well with this rate application.
- We submitted a Water Provider Status Report for our Company's water system from the ADEQ as the instructions in the rate application directed. The instructions did not say anything about a report from the ADWR that we were aware of. We will send another copy of compliance from the ADEQ. If something is due from ADWR we couldn't find any form on their web site.

We have tried to address the deficiency questions to the best of our knowledge. If more detail is needed let us know and if necessary we can come to Phoenix to go over the material.

I want to thank you for all your help with this rate application. It has been quite a learning experience for us.

Sincerely,



Chuck Swysgood, President  
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928-317-9379